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Newsletter January 29, 2010

With trading activity for February 2010 NYMEX natural gas contract moving to the low \$5.00 pricing point most market analyst report pricing support within the range of \$5.10 to \$4.90. As we look back the market has had a considerable pricing correction moving from a high of \$6.04 and currently trading today (Friday January 29, 2009) within a range of \$5.142 - \$5.285. Weather continues to be the dominating event that triggers the forward values of natural gas.

As you will notice in the year over year comparison the difference has for the first time in many months reported forward pricing greater than last year NYMEX pricing.

The following table illustrates the comparison of the NYMEX pricing offering at contract settlement for 2009 and 2010.

<u>Month/Year</u>	<u>NYMEX January 28, 2009</u>	<u>Month/Year</u>	<u>NYMEX January 28, 2010</u>	<u>Difference</u>	<u>Percentage Change</u>
Mar-09	\$4.483	Mar-10	\$5.138	\$0.66	14.61%
Apr-09	\$4.419	Apr-10	\$5.128	\$0.71	16.04%
May-09	\$4.480	May-10	\$5.181	\$0.70	15.65%
Jun-09	\$4.559	Jun-10	\$5.252	\$0.69	15.20%
Jul-09	\$4.650	Jul-10	\$5.333	\$0.68	14.69%
Aug-09	\$4.811	Aug-10	\$5.404	\$0.59	12.33%
Sep-09	\$4.907	Sep-10	\$5.437	\$0.53	10.80%
Oct-09	\$4.964	Oct-10	\$5.545	\$0.58	11.70%
Nov-09	\$5.091	Nov-10	\$5.885	\$0.79	15.60%
Dec-09	\$5.686	Dec-10	\$6.245	\$0.56	9.83%
Jan-10	\$6.340	Jan-11	\$6.480	\$0.14	2.21%
Feb-10	\$6.591	Feb-11	\$6.445	(\$0.15)	-2.22%

One Year (Mar 10 – Feb 11)	\$5.681/\$5.581	Three month (Mar 10 – May10)	\$5.209/\$5.109
1 year strip 2011	\$6.189/\$6.089	Three month (Jun 10 – Aug10)	\$5.387/\$5.267
1 year strip 2012	\$6.372/\$6.322	Three month (Sep 10 – Nov 10)	\$5.686/\$5.567
1 year strip 2013	\$6.501/\$6.451	Three month (Dec 10 – Feb11)	\$6.439/\$6.339

	<u>This week</u>	<u>Last Week</u>	<u>Two Week</u>
March 2010	\$5.203/\$5.103		
Summer 2010 (Apr 10-Oct10)	\$5.386/\$5.236	\$5.835/\$5.685	\$5.842/\$5.674
Winter 2010/2011 (Nov 10-Mar11)	\$6.312/\$6.262		

February 2010 NYMEX natural gas contract settlement: \$5.247

ONG PGA – January 2010 \$ 6.851

ONG Fixed Price Program November 2009 – October 2010 \$6.194

The March 2010 NYMEX natural gas contract will expire on February 24 2010.

The Energy Information Administration (EIA) reported that for the week ending January 22, 2010 natural gas natural gas storage withdrawal of 286 Bcf. The build was below analyst's predictions for a withdrawal between 107 – 110 Bcf for the week. Current storage inventories again are above historic inventories with the EIA reporting 87 Bcf above the five year historic average.

2010 Whole Sale Natural Gas Pricing Update

	<u>OGT</u>	<u>PEPL</u>	<u>ANR</u>	<u>NGPL</u> <u>Mid-Con</u>	<u>NGPL</u> <u>TxOk</u>	<u>Southern</u> <u>Star</u>	<u>CenterPoint</u> <u>East</u>	<u>Feb-10</u> <u>NYMEX</u>
1-Jan	\$5.645	\$5.715	\$0.000	\$5.705	\$5.690	\$5.730	\$5.720	\$5.572
2-Jan	\$5.645	\$5.715	\$0.000	\$5.705	\$5.690	\$5.730	\$5.720	\$5.572
3-Jan	\$5.645	\$5.715	\$0.000	\$5.705	\$5.690	\$5.730	\$5.720	\$5.572
4-Jan	\$5.645	\$5.715	\$0.000	\$5.705	\$5.690	\$5.730	\$5.720	\$5.884
5-Jan	\$6.115	\$6.025	\$6.030	\$6.020	\$5.985	\$6.080	\$6.090	\$5.637
6-Jan	\$6.330	\$6.210	\$6.245	\$6.190	\$6.105	\$6.350	\$6.195	\$6.009
7-Jan	\$8.130	\$6.775	\$6.690	\$6.550	\$6.465	\$7.230	\$7.015	\$5.806
8-Jan	\$8.460	\$7.440	\$7.190	\$7.460	\$7.445	\$7.940	\$8.215	\$5.749
9-Jan	\$6.215	\$6.060	\$6.125	\$6.220	\$6.230	\$6.145	\$6.155	\$5.749
10-Jan	\$6.215	\$6.060	\$6.125	\$6.220	\$6.230	\$6.145	\$6.155	\$5.749
11-Jan	\$6.215	\$6.060	\$6.125	\$6.220	\$6.230	\$6.145	\$6.155	\$5.545
12-Jan	\$5.660	\$5.550	\$5.620	\$5.610	\$5.655	\$5.615	\$5.660	\$5.591
13-Jan	\$5.525	\$5.390	\$5.425	\$5.420	\$5.455	\$5.425	\$5.450	\$5.733
14-Jan	\$5.475	\$5.370	\$5.385	\$5.380	\$5.425	\$5.400	\$5.455	\$5.588
15-Jan	\$5.680	\$5.585	\$5.600	\$5.595	\$5.575	\$5.610	\$5.620	\$5.691
16-Jan	\$5.615	\$5.515	\$5.510	\$5.500	\$5.545	\$5.520	\$5.525	\$5.691
17-Jan	\$5.615	\$5.515	\$5.510	\$5.500	\$5.545	\$5.520	\$5.525	\$5.691
18-Jan	\$5.615	\$5.515	\$5.510	\$5.500	\$5.545	\$5.520	\$5.525	\$5.691
19-Jan	\$5.615	\$5.515	\$5.510	\$5.500	\$5.545	\$5.520	\$5.525	\$5.557
20-Jan	\$5.380	\$5.320	\$5.295	\$5.325	\$5.385	\$5.340	\$5.310	\$5.496
21-Jan	\$5.330	\$5.290	\$5.280	\$5.275	\$5.360	\$5.270	\$5.260	\$5.615
22-Jan	\$5.385	\$5.300	\$5.310	\$5.310	\$5.385	\$5.300	\$5.310	\$5.819
23-Jan	\$5.625	\$5.485	\$5.520	\$5.495	\$5.560	\$5.525	\$5.510	\$5.819
24-Jan	\$5.625	\$5.485	\$5.520	\$5.495	\$5.560	\$5.525	\$5.510	\$5.819
25-Jan	\$5.625	\$5.485	\$5.520	\$5.495	\$5.560	\$5.525	\$5.510	\$5.722
26-Jan	\$5.545	\$5.535	\$5.545	\$5.560	\$5.615	\$5.585	\$5.510	\$5.485
27-Jan	\$5.520	\$5.470	\$5.455	\$5.480	\$5.475	\$5.485	\$5.380	\$5.274
28-Jan	\$5.470	\$5.360	\$5.410	\$5.355	\$5.285	\$5.390	\$5.325	
29-Jan	\$5.395	\$5.230	\$5.250	\$5.240	\$5.180	\$5.295	\$5.325	
30-Jan	\$5.395	\$5.230	\$5.250	\$5.240	\$5.180	\$5.295	\$5.325	

31-Jan	\$5.395	\$5.230	\$5.250	\$5.240	\$5.180	\$5.295	\$5.325
average	\$5.831	\$5.673	\$5.674	\$5.684	\$5.692	\$5.739	\$5.734
Fom Index	\$5.790	\$5.730	\$5.660	\$5.770	\$5.690	\$5.790	\$5.670

OKLAHOMA WEATHER OUTLOOK
For Clients and Friends of
OKLAHOMA ENERGY SERVICES

January 29, 2010

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NEXT 7 DAYS – 1/29-2/04/10:

Overview –

Winter storm in play over Oklahoma Friday...should move out over the weekend.

Upcoming for Oklahoma –

Friday (1/29) through Monday (2/01):

Periods of freezing rain or mist, sleet, and snow is likely over almost all of Oklahoma, but the far southeast sections (just rain there) on Friday and Friday night. Temperatures will be fairly steady in the mid to upper 20s over much of northern, central, and northeastern Oklahoma...possibly a little cooler in the northwest, and possibly closer to freezing or the low to mid 30s in far southern or southeastern Oklahoma near the Red River. Some parts of central and eastern Oklahoma could see severe icing and power outages, and some areas, primarily north and northwest of Tulsa, could see 6 to 8 inches of snow by the time the storm winds down early Saturday. Saturday should bring decreasing cloudiness, gusty north winds, and cold temperatures – not any substantial melting, with PM highs in the mid 20s northeast to the low 30s in the far south. Sunday will be partly cloudy to mostly sunny with very cold start around 10 most areas, and PM highs in the 30s most areas. Monday will be variably cloudy with PM highs in the upper 30s to low 40s, warmest south, along with a slight chance for rain.

Tuesday (2/02) through Thursday (2/04):

The weather will be partly cloudy on Tuesday and Wednesday with a mini-warm-up. Early AM lows will remain chilly in the 20s, but PM highs will rebound into the 40s on Tuesday and possibly pushing lows 50s in some areas on Wednesday. Expect mostly cloudy skies Thursday along with an increasing chance for rain, and PM highs in the mid to upper 40s.

EXTENDED OUTLOOK:

Latest revised 8-14 Day Extended Outlook – February 5 - February 11, 2010:

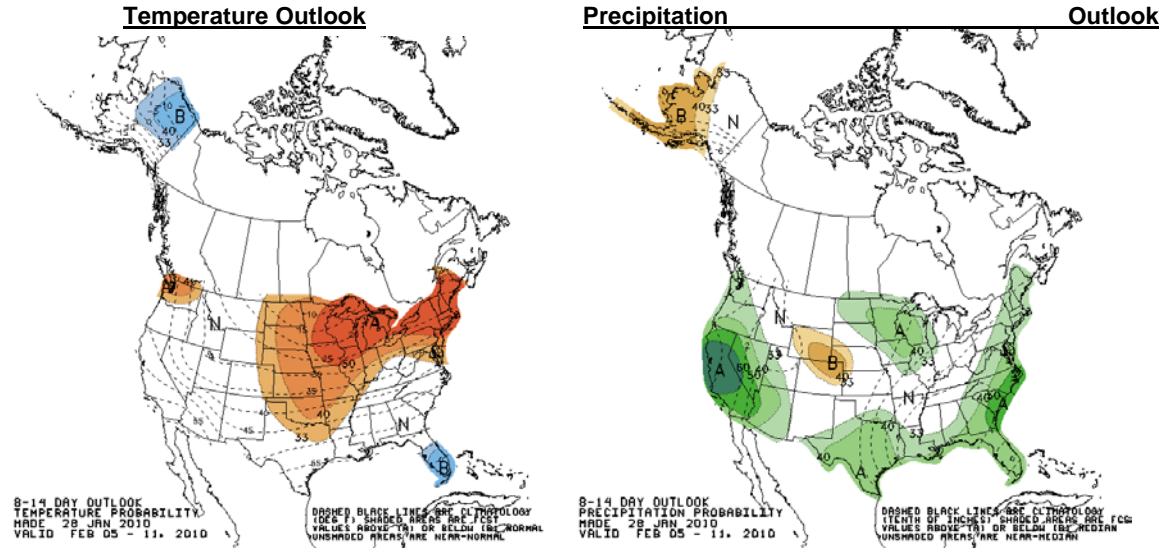
Temperatures may turn out a bit milder from Oklahoma throughout most of the plains states, into the Midwest and upper Mississippi River valley region. The upper Ohio Valley, the Great Lakes, and the northeast and New England stand the highest chance of above-normal temperatures.

Above-normal rainfall is likely over Texas, the Gulf Coast, and most of the southeast and Florida. The Atlantic coastal region from the Carolinas northward will also continue with above-normal chances for precipitation during this period. But, the big story remains the west coast, as the "El Nino"-induced winter storms continue to swing further south, as compared to normal years. Most of the western quarter of the country will see above-normal rain and snow. Most of California, especially coastal and mountainous

regions, will likely see more windy, stormy, and rainy or snowy weather. The heaviest rain is possible over most of the central and northern sections of the state, but even southern California will not be spared. Higher elevations of the inland mountain ranges could see tremendous snowfall during this first half of February.

*Original long-range outlook data developed by NOAA / Climate Prediction Center, and this discussion is developed from an interpretation of that data, as displayed below.

Outlook Valid: February 5 - February 11, 2010



The outlook was developed on January 28, 2010. These graphics are courtesy the National Weather Service's Climate Prediction Center and NOAA's National Centers for Environmental Prediction. These forecast graphics are available for public dissemination at the following website:

<http://www.cpc.ncep.noaa.gov/products/forecasts/>

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